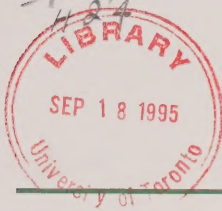


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Seasonal Employment and the Repeat Use of UI

Lesle Wesa

Purpose

Increasingly, decision-makers are recognizing that the unemployed are not a homogeneous group of individuals. For many, their state of unemployment is temporary and may occur once or twice over the course of the business cycle. For others, their unemployment occurs on a fairly regular basis. Their unemployment is often associated with adjustment problems in the labour market, weak labour force attachment, seasonal employment, or intermittent employment where UI is collected between job contracts.

The problems of the occasionally unemployed are significantly different from those of the frequently unemployed and any policy prescription must address these differences. It is therefore important to identify the two types appropriately. One way to distinguish them is to examine their frequency of recourse to UI.

This Brief highlights findings reported in a study which compares the implications of two definitions of frequent UI claimants. One definition approximates that currently in use by HRDC (3 or more claims in 5 years) and the other arises from work completed as part of the recent evaluation of the UI regular benefits program (11 or more claims in 21 years). The definitions were applied to various segments of the Canadian claimant population and the implied shares of high frequency users were compared.

The criterion of 3 or more claims in 5 years was chosen by HRDC in order to focus on individuals who draw UI on almost a routine annual basis. The rule of 11 or more claims in 21 years specifies a much longer time period in which persons are on claim for more than half of those years. It would similarly identify "persistent" claimants who were on UI year after year.

Industry detail within the data base allowed identification of the industry affiliation of frequent claimants on the basis of both definitions. Those industries which routinely provide intermittent, including seasonal, employment could thereby be distinguished.

Background

One component study of the evaluation of UI regular benefits analysed the propensity of Canadian men to collect UI over the period 1972 to 1992. In their paper, *Learning Effects and Unemployment Insurance*, T. Lemieux and B. MacLeod looked at the pattern of UI use from one year to another and identified two types of individuals – those with a sporadic pattern of use and those with a consistent and regular pattern.

Their analysis was restricted to examination of the behaviour of Canadian men in a national context, but an associated output of the study was a comprehensive database on UI use by women, by region, and by industry. This present study reports the analysis and findings derived from that extended data set.

Data Sources and Methodology

To analyse the dynamics of UI recipience in Canada, Professors Lemieux and MacLeod combined UI administrative data from the Status Vector File (10 percent sample) with a supplementary HRDC income file to yield a longitudinal history of UI and labour income recipience from 1972 to 1992. Specifically, all individuals born between 1931 and 1956 who claimed for UI over 1972-1992 were identified. Only individuals born within this period were selected to avoid sample composition problems – these individuals would all be of working age during 1972-1992 and were potential members of



the labour force. The fixed sample population would not be biased by persons flowing in and out of the labour force.

The claimants were then classified according to the number of spells of UI which they incurred over the twenty-one years (1-3 spells, 4-6 spells, 7-10 spells, and 11 or more spells). The Lemieux-MacLeod analysis proceeded by examining the share of each group among total claimants, the share of spells assumed by each group, and the probability of experiencing a bout of UI for an individual taken from each group. Our extended analysis proceeded in the same vein but looked at claimant categories (defined by frequency of use) for particular sets of claimants – women, regions, and industries.

In adopting a twenty-one year time span, Lemieux and MacLeod (LM) focussed on claimants who had almost a lifetime of recurrent use. Their definition selected claimants who were confirmed UI users and who would be suffering unemployment more than that generated by inadequate demand. Furthermore, this definition allowed individuals to be assessed only once over the full 21 years as to their frequency of use. A group of claimants could therefore be followed through several business cycles and UI recipience patterns analysed without individuals changing status (between frequent and occasional) several times over the period.

Since the primary policy definition specifies a frequent claimant as having 3 or more claims over the preceding 5 years, results were also computed for this definition. Claimants born between 1931 and 1971 were admitted to this sample. 1971 was chosen as the cutoff year since this would allow the youngest members to be 21 in 1992 and to therefore have been in the labour force for 5 years and have a corresponding UI history. The analysis for the HRDC definition began in 1976 rather than 1972 to allow all claimants at the outset to have established a UI record.

Empirical Findings

Gender Differences

Initial research by Lemieux and MacLeod found that repeat claimants (11+ spells) assumed 28 percent of all male spells over the 1976-1992 period. New evidence on women indicates a smaller proportion are repeaters (15 percent).

The HRDC definition indicates a much larger share of repeaters – 48 percent for males and 35 percent for females. The difference between definitions can be explained by recalling that the LM definition concentrates on the “persistent” repeaters – that is, individuals who maintain their pattern of frequent use over a very long period. In the context of the HRDC definition, they would constitute the “claimants who were frequent and remained frequent”. Over the 1987-1992 period, HRDC found that 28 percent of claimants flowed between categories. Of the remaining 72 percent that sustained their pattern, 47 percent were occasional and 25 percent were frequent. The LM definition is representative of this 25 percent. (For men and women combined, 24 percent of spells over 1976-92 were held by claimants with 11+ claims).

Both definitions confirm a smaller share of repeaters among women. The LM results are most striking – indicating that women are less likely than men to be repeaters and even less likely to be “lifetime” repeaters.

Distribution of Spells by Frequency of Claimant, Two Definitions, by Gender, 1976-92

	Men	Women
Over 21 years		
1-3 spells	.23	.38
4-6 spells	.24	.28
7-10 spells	.24	.19
11 + spells	.28	.15
Over last 5 yrs		
1-2 spells	.52	.65
3 + spells	.48	.35

Regional Differences

Both definitions indicate that frequent claimants are most likely to be found in the Atlantic provinces, followed by Quebec. There is a discrepancy in the ranking of the remaining three provinces, however. The HRDC interpretation of frequent users suggests that BC has a larger proportion of frequent claimants than Ontario over 1976-1992, while the LM analysis implies the converse.

One explanation may be traced to the five-year periods ending in 1990, 1991 and 1992. The recent recession had a very strong impact in Ontario. The number of spells experienced by occasional claimants increased markedly relative

to the number of spells of frequent claimants (as defined by 3 spells in 5 years). The share of spells held by occasional claimants consequently increased and the share of spells by frequent claimants correspondingly declined. These developments are captured by the HRDC definition but not by the long-term LM definition. They imply a lower share of frequent claimants in the Ontario 1976-1992 average as calculated by HRDC.

Industry Differences

The highest number of claims occurred in manufacturing, construction and trade. Over 1976-1992, those industries with the greatest concentration of frequent claimants included primary industries, construction, transportation, government services, and education. This is true regardless of whether we consider "11+" repeaters or "3+" repeaters.

Primary industries, where employment is often bound to weather conditions, have the greatest proportion of repeaters (43 percent according to the LM definition). There is considerable within industry variation, however. In 1992, for example, persistent repeaters assumed 67 percent of male claims in logging, 59 percent in forestry services, 54 percent in quarries and sand pits, and 51 percent in fishing and trapping. The HRDC definition also records high proportions of repeaters in these sectors.

Further analysis of the LM sample indicates that, although persistent repeaters are defined to include claimants with 11 or more spells, in the case of these primary industries, the eleven spells constitute a minimum for this category. In logging, high frequency users were more likely to have had in the neighbourhood of 16 spells over the period and in forestry services 17 spells. The continued dependence of some workers on UI year after year is clear.

Construction industries ranked high among the disaggregated industries. Workers associated with industrial and heavy (engineering) construction have a greater chance of being a frequent claimant – 55 percent of spells in that industry are held by persistent repeaters, as opposed to 43 percent in building, developing and general contracting, and 39 percent in trade contracting.

Certain manufacturing industries that would be hidden in aggregate statistics become visible in the detailed analysis. Tobacco manufactures,

manufactures of non-metal mineral products, wood products manufactures, and food processors have a higher share of repeaters than average.

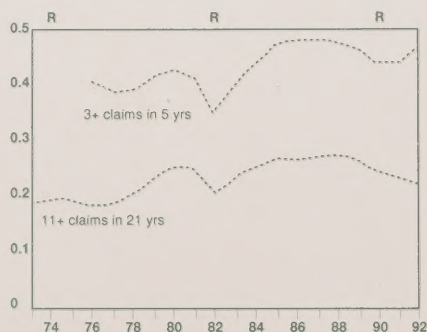
Some industries are particularly prone to repeat use by women and at the same time contribute a large number of spells. Of female spells in food manufactures in 1992, 45 percent were held by repeaters. Again this would be related to the seasonality in supplying industries – agriculture and the fisheries. In education services, 18 percent had more than 11 spells. These would cover supply teachers, contract teachers, and support staff not required during the summer months. Also notable for their share of repeaters were transportation services (22 percent), amusement and recreation (17 percent), provincial government (19 percent), and accommodation services (15 percent). This repeat use represents a response to intra year changes in industry demand, tourism for example.

According to our application of the HRDC definition to the fixed sample, female claimants in clothing manufactures were more likely to be frequent claimants than the average. The LM definition, by contrast, identified fewer than average repeaters.

Longitudinal Differences

In addition to comparing the results of the two definitions cross sectionally, we also compared the trends in the share of repeaters through time. At the aggregate level, the two definitions indicate trends in the share of high frequency users that are very similar. In general, the share of high frequency claimants, regardless of definition, seems to indicate a modest upward trend.

Share of High Frequency Users, Total Industries, Two Definitions



For many industries at the disaggregated level, the two interpretations of frequent users continue to imply almost a parallel path for the share of repeat users. The HRDC definition has a somewhat greater tendency to exhibit an increasing share of spells in the 1980s but, in general, the patterns displayed are similar. Notable exceptions occurred in some primary industries and in education services. A large increase in total spells in the 1980s generated many frequent claimants according to the HRDC definition. Their appearance later in the sample did not give them a history of UI use long enough to render them persistent repeaters. Accordingly, they did not appear in the LM results.

Conclusions

The HRDC definition of frequent claimants, requiring 3 spells in 5 years, attempts to identify claimants who repeatedly draw UI benefits. The alternate LM definition describes repeaters in terms of 11 or more claims in 21 years. It similarly focuses on individuals having a history of consistent and regular use of the UI program. By applying both definitions to the existing LM sample population, we were able to compare the implications of each for the share of repeat users in total spells.

Findings based on the LM definition tend to confirm those based on the HRDC definition. Men are more likely to repeat than women, the Atlantic provinces and Quebec have more repeaters, and high frequency claimants tend to appear more often in primary industries, construction, transportation, government services, and education. Detailed industry analysis reveals considerable intra-industry differences in the share of repeaters.

Biographical notes

Lesle Wesa is an evaluation officer within the Insurance Programs Directorate of the HRDC Evaluation Branch, Ottawa. She worked for several years as an economist with the Economic Council of Canada.

"Seasonal Employment and the Repeat Use of UI" by Lesle Wesa, is in preparation for publication by Human Resources Development Canada as an Insurance Program evaluation report, 1995. Copies of the full technical report (when finalised) and further copies of this summary are available from:

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